CAMPAIGN 2000
END CHILD & FAMILY POVERTY

WINNIPEG HARVEST INC.
Fighting Hunger and Feeding Hope

Manitoba Child and Family Poverty Report Card 2016

November 22, 2016

"Hey, Mr. Pallister...

Where's the Plan to

Eliminate Child and Family Poverty

In Manitoba?"

INTRODUCTION

This is the twenty-seventh annual Manitoba Child and Family Poverty Report Card. Last year we described child and family poverty in Manitoba as a crisis, which has become a chronic nightmare. In 2014, the nightmare continued.

In 2014, Manitoba's child and family poverty rate was unchanged from 2013, and remained the highest of any province, well above the national rate. More than one in 3.5 Manitoba children lived in poverty during 2014. This amounted to 85,110 children.

Clearly, both national and provincial policy responses have failed in substantial ways. But, in 2016, there are rays of hope. The federal government has introduced the Canada Child Benefit, which is much more progressively targeted and generous than child-related transfer and taxation benefits under the Harper government. The Pallister government chose not to claw back this enhanced benefit from recipients of Employment and Income Assistance, to its credit. The federal government is also currently developing a poverty reduction strategy.

In the 2016 provincial election campaign, the Progressive Conservatives demonstrated that they understand how serious a problem child and family poverty is. Their platform document, *Better Manitoba*, cited our 2015 Manitoba Child and Family Poverty Report Card, and, in his victory speech, premier elect Pallister mentioned child poverty as a problem that his government will address. In a November 25, 2015 story in the Winnipeg Free Press, Mr. Pallister said this about our recommendation to set child poverty reduction targets:

> Yes... I think it's really critical that there be those targets. I accept with great enthusiasm the challenge of working to set hard targets."[1]

So, Mr. Pallister, we know that you understand the importance of eliminating child and family poverty, and that you have passionately expressed your desire to do so. We anxiously await your plan, including hard targets and timelines, and dedication of the necessary resources to meet targets as scheduled in the plan.

Your government was elected on April 19, 2016; and we have not yet seen your child and family poverty reduction plan. We were disappointed that no plan, targets or timelines were announced in your November 21 speech from the throne.

Hopefully, in November 2017, Manitobans will not still be asking ourselves how we justify more than 1 in 3.5 of our children living in poverty.

THE FACTS

In this section, we report on the rate and depth of child and family poverty, and its distribution by family structure, Indigeneity and age of child. We also report on the role of income transfers in preventing child poverty and demonstrate the growth of inequality in family incomes over time. Finally, we report on the rate of food bank use by children as an indicator of the inadequacy of their families' incomes to meet basic needs.

The poverty measure used is Statistics Canada's Low Income Measure After-Tax (LIM-AT). The LIM is a relative measure of poverty. It is a fixed percentage (50%) of median adjusted household income that takes household size into account and it is internationally comparable. It is most strongly related to health status and developmental outcomes.

Low Income Measure, After Tax

Family Type	LIM-AT
Single Adult (no child)	17,824
Lone Parent with one child*	24,954
Lone Parent with two children	30,301
Couple (no child)	24,954
Couple with one child	30,301
Couple with two children	35,648

*Includes parents/spouses, children 16 years of age and over and the first child in lone-parent families regardless of age.

Source: Statistics Canada. Income Statistics Division (2016 July). Annual Income Estimates for Census Families and Individuals (T1 Family File) Family Data User's Guide 2016

The estimates reported are based on Tax Filer data derived from 2014 personal income tax returns and Canada Child Tax Benefit administrative records. This constitutes a near census of the Canadian population due to Canada's high rates of tax filing and is inclusive of reserves and children in institutional settings.

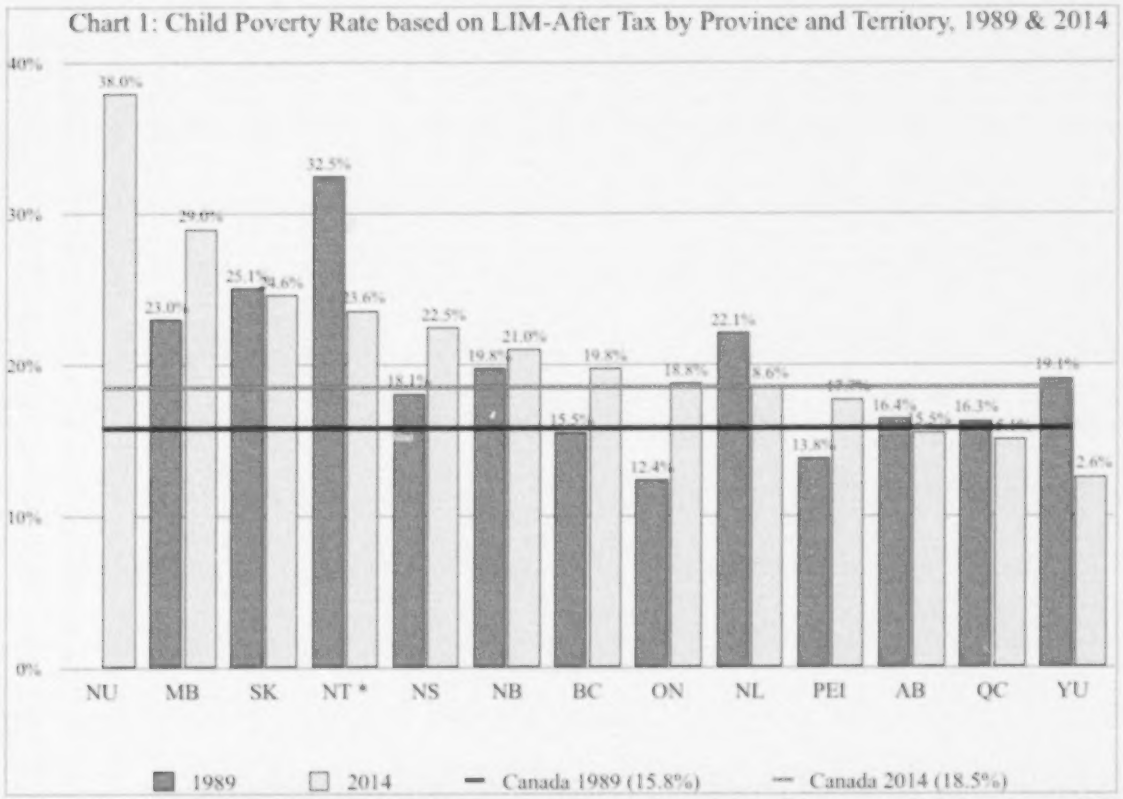
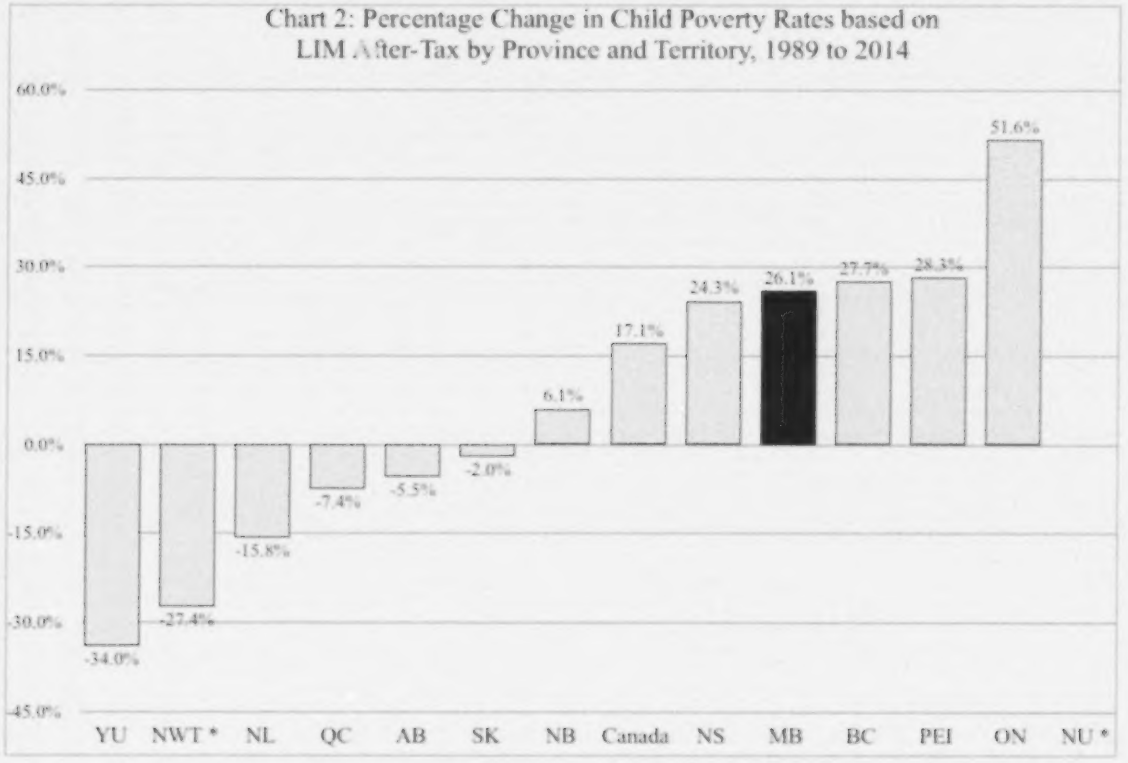


Chart 1 demonstrates that in 2014 Manitoba had the highest child poverty rate of any province at 29.0%, 10.5 percentage points above the national rate. It was exceeded only by the territory of Nunavut. Approximately 85,110 Manitoba children lived in poverty in 2014 (more than one in every 3.5 Manitoba children. The 2014 Manitoba rate showed no improvement from 2013, while the national rate showed slight (.5 of a percentage point) improvement.



In 1989, the House of Commons moved to end child poverty by the year 2000. Since then it has increased by just over 17% (17.1%) in all of Canada. The increase in Manitoba is much more at 26.1%. Manitoba has moved from the third highest child poverty rate of any province in 1989 to the highest in 2014. Why were improvements achieved in Newfoundland and Labrador, Quebec, Alberta and Saskatchewan and not Manitoba?

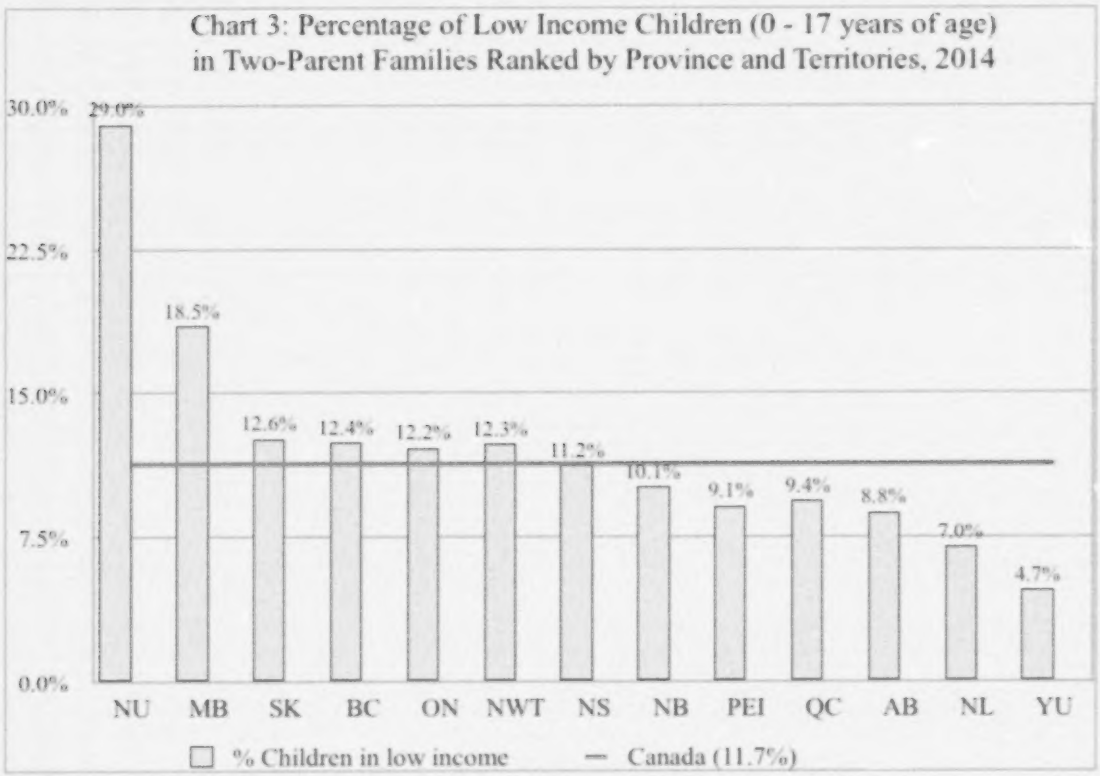


Chart 3 shows that in 2014, Manitoba had the highest rate of child poverty in two-parent families of any province, 18.5%, and 6.7 percentage points above the national rate. Only the territory of Nunavut has a higher rate.

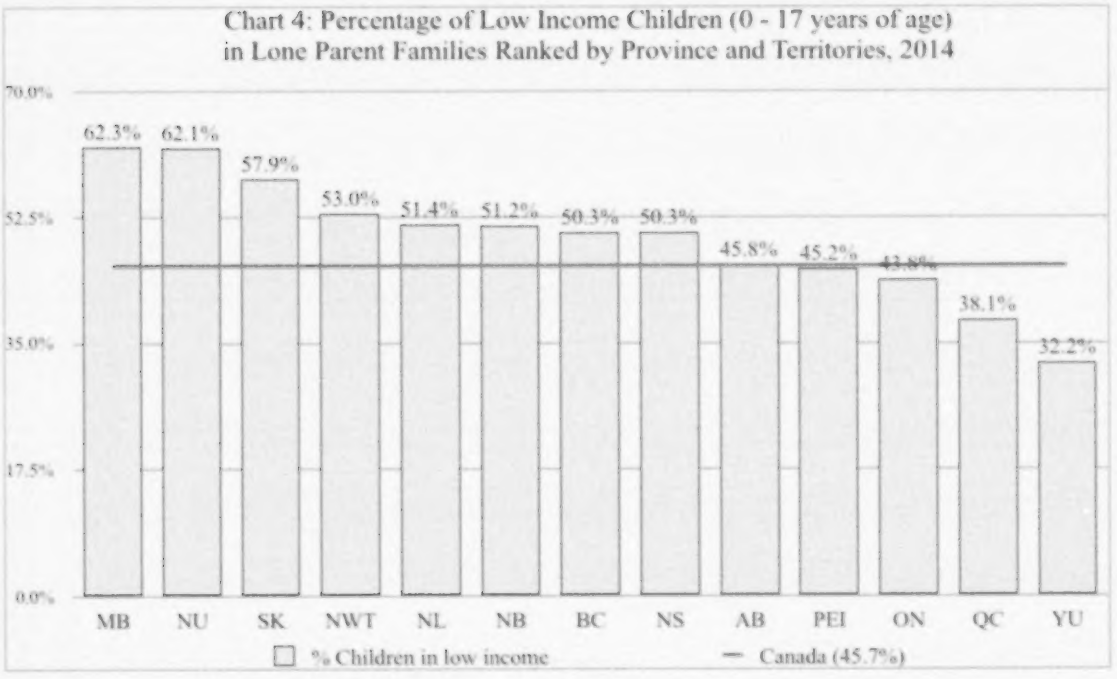


Chart 4 shows that alarmingly, more than 62% of children living in single parent families in Manitoba live in poverty. This is 16.6% above the national rate.

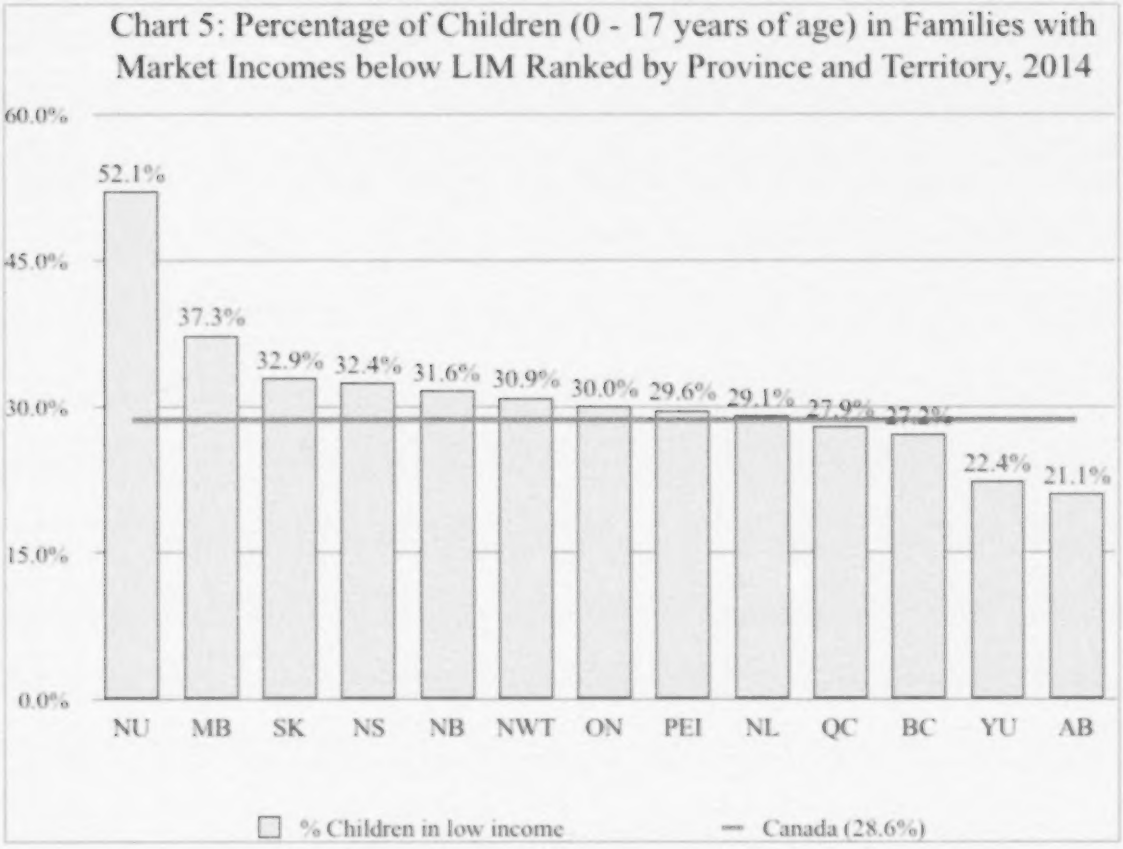


Chart 5 describes what the rate of child poverty would be if only market income from earnings or investments is considered. From these sources alone, well over one third, 37.3%, of Manitoba children would be poor. This is the highest rate of any province, and is 8.7% above the national rate. Only the territory of Nunavut is higher.

Much child poverty in Manitoba is produced in the Manitoba labour market. While Manitoba's unemployment rate was the third lowest of any province in 2014, in that year Manitoba ranked tenth among provinces and territories in average hourly earnings from all industries. Having a low unemployment rate is positive, but jobs can only prevent poverty if they are good, well-paying jobs.

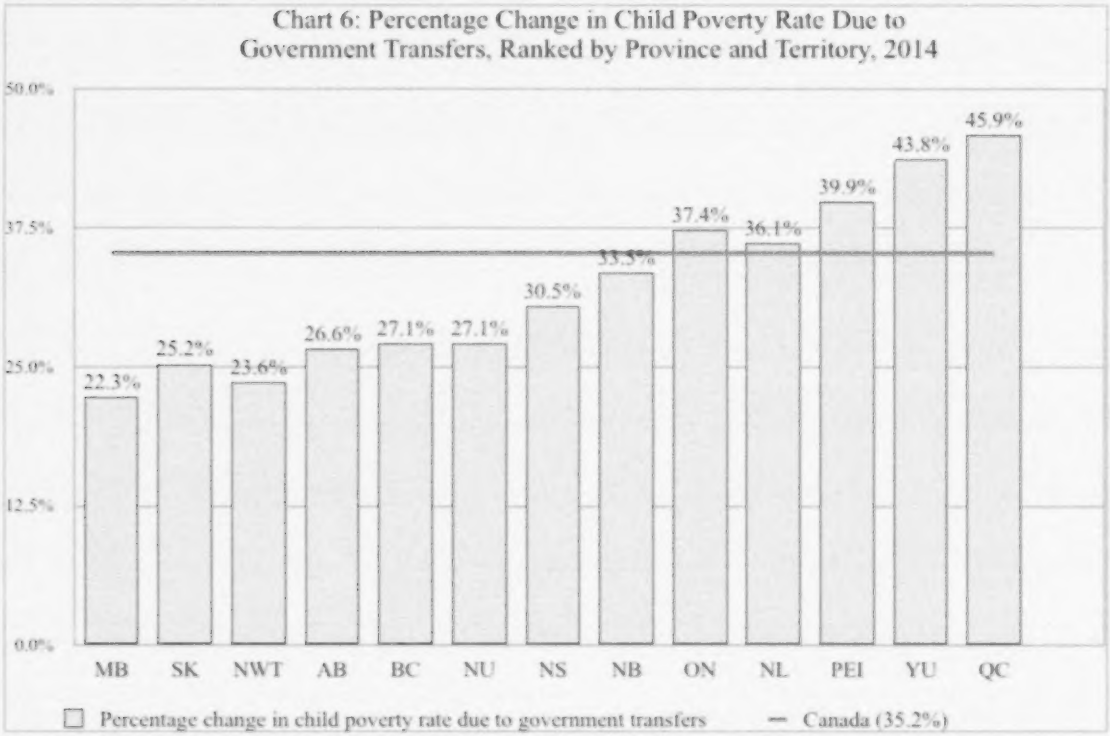
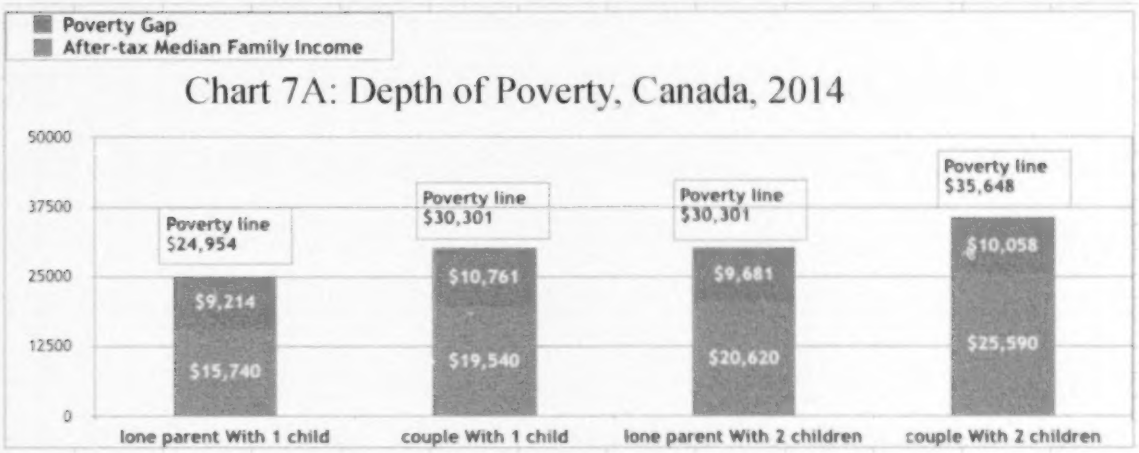
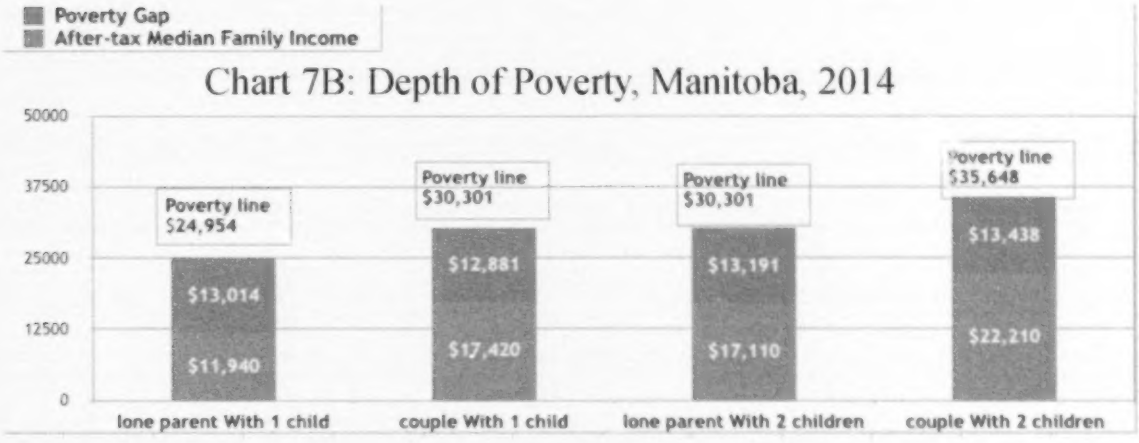
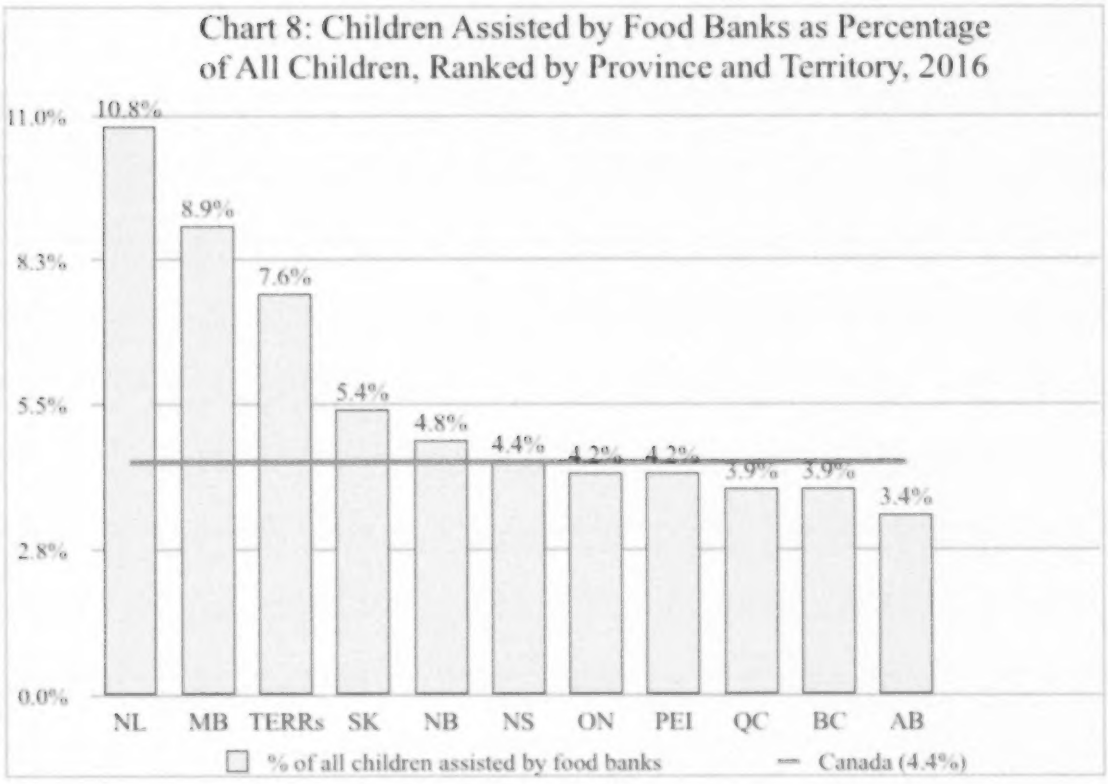


Chart 6 demonstrates that Manitoba experiences the lowest percentage of reduction in the child poverty rate due to federal and provincial government transfers of any province or territory. This percentage improvement is almost 13 percentage points (12.9%) below the national percentage. Federal benefits are consistent throughout Canada, although differences in parental age, disability, employment, child age and family structure may account for differences in their receipt. However, it is clear that both Manitoba's labour market and provincial government income transfer programs are failing Manitoba's children.

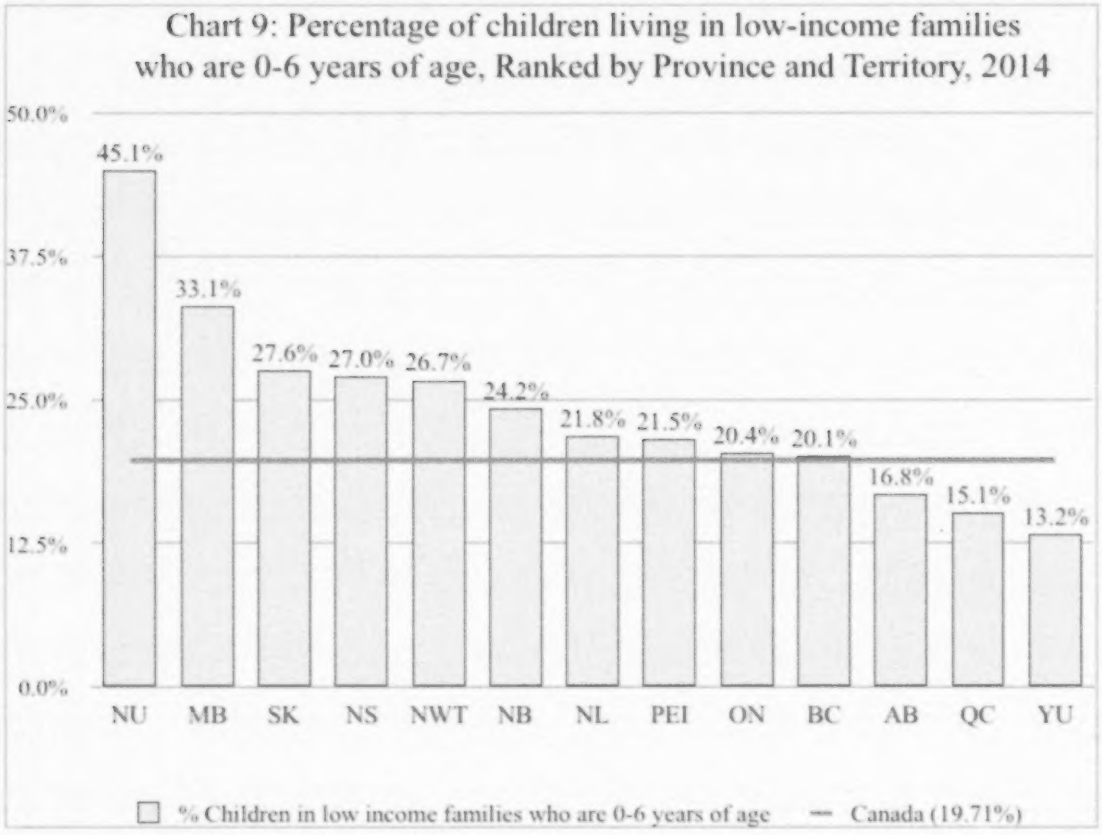




Charts 7A and 7B demonstrate that poor Manitoba families with children are living in much deeper poverty than those in the rest of Canada. The poverty gap is the amount needed by a typical poor family at the median to reach the poverty line. Depending on family structure, half of poor families with children in Manitoba would need additional income of more than approximately $13,000 just to reach the poverty line.



Food bank use is a clear indicator of food insecurity. Food insecurity is closely related to family poverty and produces damaging stress in those who experience it, especially children. In *Hunger Count 2016* Food Banks Canada surveyed the number of children using food banks in March 2016 as a typical month. In all of Canada, 4.5 per cent of children used food banks. In Manitoba, the rate of food bank use for children was almost double (8.9%), second only to Newfoundland and Labrador.



Living in poverty is especially damaging to the health, development and school readiness of pre-school children. Therefore, it is of great concern that more than one third (33.1%) of Manitoba children under six years of age lived in poverty in 2014. This is 13.4 percentage points higher than the rate of poverty for young children in all of Canada, and the highest rate of any province. Only the territory of Nunavut had a higher rate.

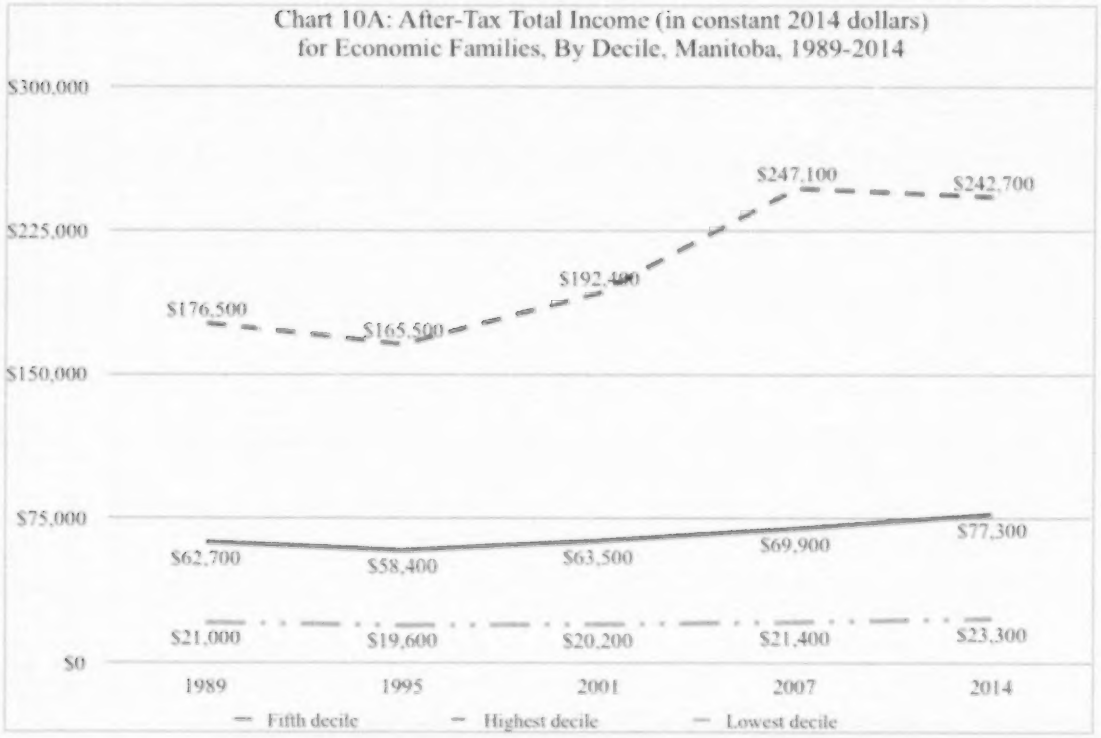


Chart 10A: After-Tax Total Income (in constant 2014 dollars)
for Economic Families, By Decile, Manitoba, 1989-2014
$300,000
$225,000
$150,000
$75,000
$0
$247,100
$242,700
$192,400
$176,500
$165,500
$77,300
$69,900
$63,500
$62,700
$58,400
$23,300
$21,400
$20,200
$21,000
$19,600
1989
1995
2001
2007
2014
Fifth decile
Highest decile
Lowest decile

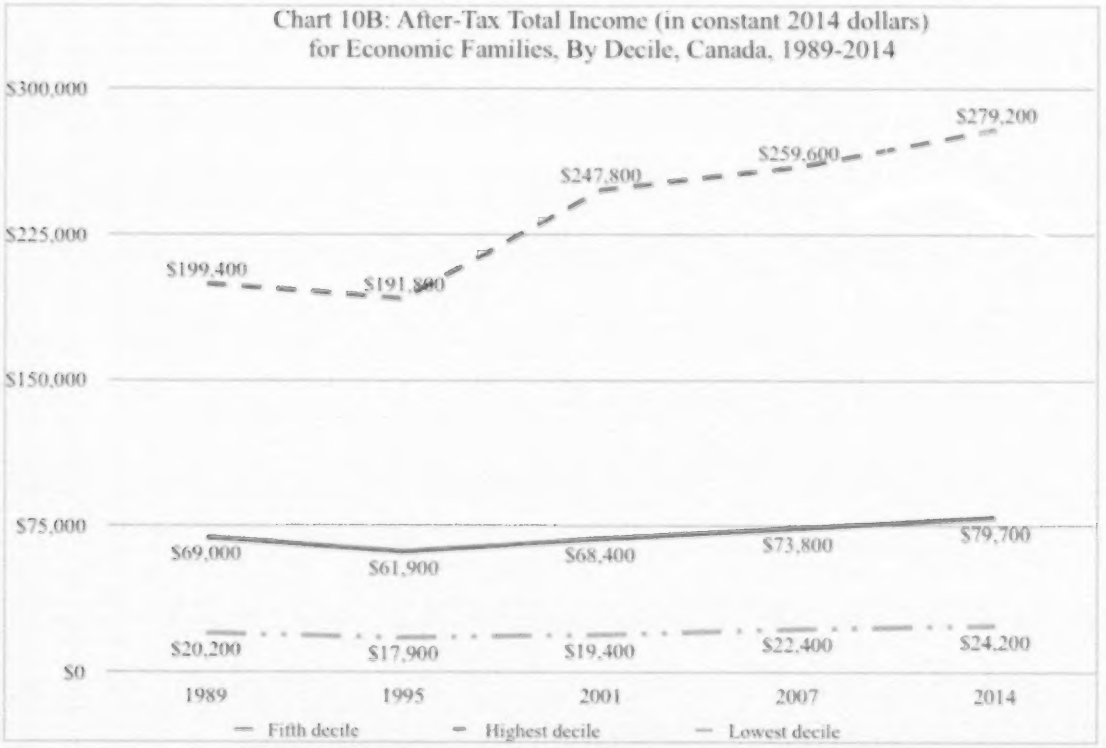


Chart 10B: After-Tax Total Income (in constant 2014 dollars)
for Economic Families, By Decile, Canada, 1989-2014
$300,000
$225,000
$150,000
$75,000
$0
$279,200
$259,600
$247,800
$199,400
$191,800
$79,700
$73,800
$69,000
$68,400
$61,900
$24,200
$22,400
$20,200
$19,400
$17,900
1989
1995
2001
2007
2014
Fifth decile
Highest decile
Lowest decile

Charts 10A (Manitoba) and 10B (Canada) on the previous page demonstrate growing inequality. They include all census families, and not just those with children. In the 2011 census, approximately sixty percent of census families were found to have children. These charts depict average total after-tax income in constant 2014 dollars for each year between 1988 and 2015 for three groups: the 10% of families with the highest income, the 10% of families with the lowest income and 10% of families in the middle (fifth decile).

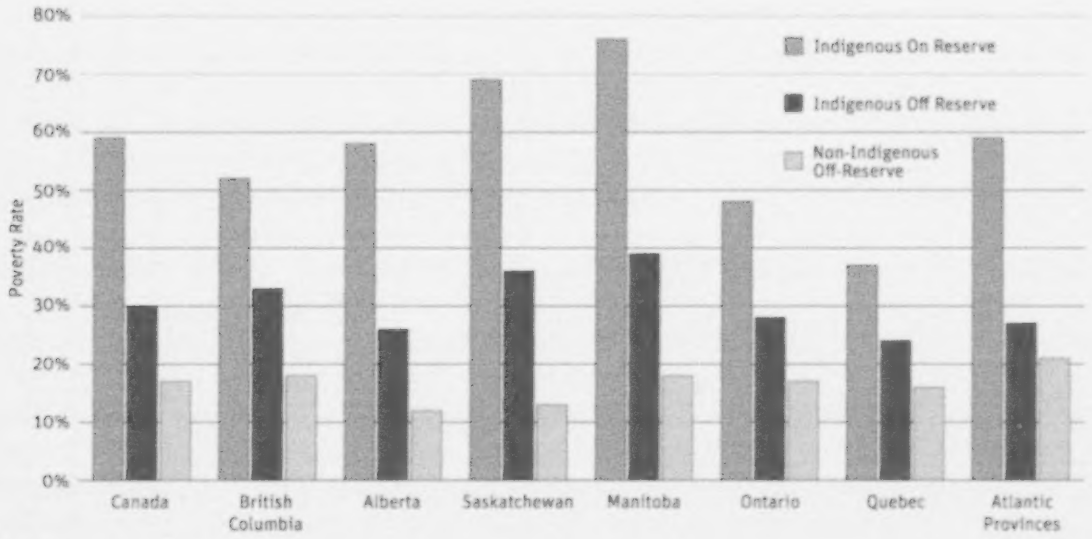
It is clear that in Manitoba, inequality has grown. In 1989, the highest income decile had an average income almost eight and a half times higher than that of the lowest decile. However, by 2014 the highest income decile had an average income almost ten and a half times higher than that of the lowest decile. This is because the incomes of the lowest decile grew by 11% between 1989 and 2014, but the incomes of the highest decile grew by 37.5%. The incomes of the middle decile grew by 23.3%

The pattern is generally similar in Canada as a whole to that in Manitoba.

Increasing inequality has resulted from growing segregation in the labour market, a personal income taxation system that has become less progressive and decreased transfer payments targeted to low-income earners.

Inequality is important because of its serious consequences. The Conference Board of Canada[3] argues that income inequality is a drag on economic growth. Wilkinson and Pickett[4] demonstrate that high income inequality at the national level is associated with conflictual social relations, elevated rates of mental health problems, and decreased physical health status, increased rates of obesity, increased incarceration rates, lower educational attainment, less inter-generational mobility, and higher rates of teenage fertility. Osberg[5] raises concerns for democratic governance, as growing income inequality fosters increasing inequality in political influence.

Chart 11: Child Poverty Rates for Indigenous Families, On- and Off-Reserve, Compared to Non-Indigenous Families, 2011



Source: National Household Survey 2011 custom tabulation.

Chart 11 is from *Shameful Neglect: Indigenous Child Poverty in Canada*, written by David Macdonald and Daniel Wilson and published by the Canadian Centre for Policy Alternatives in 2016. It uses data from the 2011 census to compare poverty among Indigenous and non-Indigenous children and to examine the geographic distribution of Indigenous child poverty. Manitoba has the highest rates of Indigenous child poverty, both on-reserve at a shocking 76% and off reserve at 39%. As is true everywhere in Canada, these rates are much higher than those for non-Indigenous children.

Therefore, indigenous children are more broadly exposed to the well-known negative health, educational and developmental effects of poverty[6]. Beyond this, poor children are over-represented among maltreated children at a ratio of 3:1.[7] Therefore, Indigenous child poverty may go a long way toward explaining the high rate of Indigenous children taken into care by the child welfare system in Manitoba.

RECOMMENDATIONS

It is clear that Manitoba continues to experience a chronic child and family poverty problem. The 2014 rate is significantly higher than the 1989 rate, having increased more than for Canada as a whole. Manitoba has the highest 2014 rate of any province, exceeded only by the territory of Nunavut. On average, poor Manitoba children live in deep poverty. There has been significant economic growth in Manitoba between 1989 and 2014, but the fruits of this growth have gone overwhelmingly to the most affluent families, and have not reduced child and family poverty.

Manitoba children are failed both by the labour market, which leaves more of them in poverty than in any other province or territory, and by inadequate government income transfers, which lift fewer children out of poverty than in any other province or territory.

We are disappointed that our recommendations have been ignored in the past, and we think that this has contributed to Manitobans having to ask how we can justify more than one in 3.5 of our children living in poverty.

During the recent election campaign the premier and government demonstrated that they understand the gravity of child and family poverty and have promised to act on it. We are waiting for action, but we cannot wait too long. A year is a long time in a child's life.

Therefore, we recommend:

1. Announcing a poverty reduction plan with specific targets regarding reductions in the rate and depth of child poverty attached to a detailed timeline to accomplish these targets. The plan should also include a description of the policies and programs designed to operationalize accomplishment of the targets, along with a detailed budget of required expenditures.

The premier has expressed his enthusiasm for developing hard poverty reduction targets. This enthusiasm must now be converted to timely action.

2. Including in this plan increases in provincial government transfers to families with children so that the system of Manitoba benefits becomes more effective in decreasing child poverty by:

a. Raising Employment and Income Assistance Benefits so that recipients' total income achieves 75% of the Market Basket Measure, as recommended by Make Poverty History Manitoba.

b. Immediately raising the Manitoba Child Benefit so that it commands the same purchasing power as when it was introduced in the early 1980s. The Manitoba Child Benefit is a supplement for working-poor families with children. It was introduced by the Sterling Lyon administration as the child-related income support program. In 2008, the Doer government renamed it and increased its maximum by only $5 per month. It has not even kept up with inflation. Significantly higher benefits are required to move the children of the working poor out of poverty.

c. Indexing the Manitoba Child Benefit so that it is not eroded by inflation over time.

d. In the long term, raising the Benefit as an essential part of an effective plan to reduce child and family poverty.

3. Including in this plan measures to decrease poverty among Indigenous children, developed with Indigenous governments, Indigenous service organizations and the federal government. This plan should include stopping the practice of confiscating the Canada Child Benefit, disability and orphan benefits from Indigenous child and family service agencies for children apprehended and placed outside of First Nations Communities. These funds should be used to establish trust funds for these children, which can be used in the transition to adulthood.

4. Including in the plan measures to ensure that working parents are able to raise their children without them experiencing the damage resulting from living in poverty by:

a. Implementing a strategy to increase the supply of well-paying, non-precarious full-time jobs; and assisting parents living in poverty with the education, training and supports to attain and maintain these jobs;

b. Immediately increasing the minimum wage to $15.53 per hour from its current $11 per hour as recommended by Make Poverty History Manitoba. As they note, small regular increases have not led to significant decreases in poverty; and a new threshold is needed.

Mr. Pallister, we need you to keep the promise you made in the election campaign.

Where is your plan with targets and timelines?

ENDNOTES

1. Welch, M. A. (2015, Nov 25). Child poverty plagues province. *Winnipeg Free Press* Retrieved from http://uml.idm.oclc.org/login?url=http://search.proquest.com.uml.idm.oclc.org/docview/1735846385?accountid=14569

2 Mulvale, J. P., & Frankel, S. (2016). Next Steps on the Road to Basic Income in Canada. *Journal of Sociology & Social Welfare, 43*, 27-50

3 Conference Board of Canada. (2016). *How Canada performs: A report card on Canada.* Retrieved from ttp://www.conferenceboard.ca/hcp/details/society/income-inequality.aspx.

4 Wilkinson, R., & Pickett, K. (2009). *The spirit level: Why greater equality makes societies stronger.* New York, NY: Bloomsbury Press.

5 Osberg, L. (2013). What's so bad about increasing income inequality in Canada? In D. A. Green, W. C. Riddell and F. St.-Hillaire (Eds.), *Income inequality: The Canadian story* (pp. 299-343). Montreal, PQ: Institute for Research on Public Policy.

6. Brooks-Gunn, J., & Duncan, G. J. (1997). The effects of poverty on children. *The future of children*, 55-71.

7. Drake, B., & Jonson-Reid, M. (2014). Poverty and child maltreatment. In *Handbook of child maltreatment* (pp. 131-148). Springer Netherlands.

ACKNOWLEDGMENTS

The Manitoba Child and Family Poverty Report Card 2016, "Hey, Mr. Pallister... Where's the Plan to Eliminate Child and Family Poverty In Manitoba?" was published November 24, 2016, by Winnipeg Harvest, in cooperation with Campaign 2000, the Canadian Centre for Policy Alternatives and the Social Planning Council of Winnipeg.

Text written by Sid Frankel, Associate Professor, Faculty of Social Work, University of Manitoba.

Charts prepared by Donald Benham, Manager of Hunger and Poverty Awareness, Winnipeg Harvest, based on templates prepared by Darren Lezubski and data supplied by Campaign 2000 and Food Banks Canada.

http://winnipegharvest.org

http://campaign2000.ca